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# Spiral Development in Major Defense Acquisition Programs

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# “Why do naval vessels cost so much?”

## A 1939 perspective...

Summary from the 10 July 1939  
Secretary of the Navy report to answer  
the repeated question from members of  
Congress and others:  
“Why do naval vessels cost so much?”

### Current factors contributing to increasing ship costs:

- Increased complexity/capability
- Lower procurement quantities
- Specialized materials and systems
- Diminishing vendor base (little or no competition)

***The Dilemma with  
respect to Ship Costs  
Remains the Same***

#### SUMMARY

From the above information and comment the principal items of interest with reference to the cost of Naval vessels are as follows:

The cost of Naval vessels increase with the progress of marine engineering and Naval construction.

There has been a marked increase in the horsepower of present day ships compared to older ships of the same tonnage.

There has been an improvement in the character of the material used and in the construction of Naval vessels. For example, the steel is of a higher quality and requires special treatment. It is used to a greater extent in both hull and deck protection.

Costs are relative only for vessels of the same design built during the same approximate periods.

Costs are affected in the same way that the cost of living is affected from an economic and social point of view.

Reasonable cost of Naval vessels can only be determined by a complete knowledge of cost of current labor and material prices and production methods on the detailed items making up the group costs along the technical lines of work and material.

More stress and care must be taken in approving estimates to make sure that they are reasonable and held to in the cost of production.

When contracts are negotiated the question of costs should be investigated and a detailed knowledge of approximate costs obtained.

When you pay the full price for the best you can buy the costs will always be high.